



Office of Student Financial Assistance
government's first performance-based organization

February 8, 2000

SUBJECT: Payment of Account Maintenance Fee (AMF) and Loan Processing and Issuance Fee (LPIF) for Quarter Ending September 30, 1999. (Sections 458 and 428(f) the Higher Education Act of 1965, as amended.)

Dear Guaranty Agency Partner:

This is an update on fiscal year 1999 fourth quarter payments for the Account Maintenance Fee (AMF) and the Loan Processing and Issuance Fee (LPIF). Fiscal year 1999 fee payments were based on your agency's loan level data as reported to the National Student Loan Data System (NSLDS). The Department of Education (ED) reviewed the logic used by NSLDS to calculate the AMF aggregates for FY 98 and minor adjustments were made to the FY 99 NSLDS logic. The FY 98 AMF aggregates were not recalculated. AMF for FY 99 was calculated for any loan that was not in default as of 9/30/99. NSLDS will provide the detailed program specifications for the AMF calculation in an NSLDS Technical Update.

AMF for the fourth quarter of FY 1999 and the fourth quarter of subsequent years will be calculated based on the original principal balance of loans outstanding on September 30th of each year, multiplied by the applicable rate specified in the HEA (e.g., 0.12% for FY 2000), minus the payments advanced to agencies for the previous three quarters.

AMF for the first three quarters of each year starting in FY 2000 will be the applicable rate specified in the HEA (e.g., 0.12% for FY 2000) multiplied by the original principal balance of loans outstanding at the end of the previous fiscal year, divided by four.

The changes in the AMF logic ensured that conflicts in loan status dates did not prevent a loan from being included in the FY 99 AMF aggregate amount. In addition loans that had not been updated on NSLDS since July 1995 were eliminated from the aggregate amount.

LPIF for the fourth quarter's payment was based on Net Guarantees reported to NSLDS on or after October 1, 1998 through September 30, 1999, minus the previous three-quarters' payments advanced to agencies. Starting in FY 2000, quarter ending December 31, 1999, LPIF payments will be based on disbursement amounts as reported to NSLDS. As a result of the change from net guarantees to disbursements for FY 2000, ED will work with agencies on an individual basis to resolve any cash flow issues that may arise.

Guaranty agencies have expressed concern about loans in error on NSLDS not being included in the fee payment aggregates. ED continues to review the impact of loans not on NSLDS due to identifier conflicts, or that have not been updated because of loan level errors. However, at this time ED will not modify the NSLDS logic to include data from the NSLDS error file.

If you have questions please contact Frank Ramos at (202) 205-3799 or via e-mail Frank_Ramos@ed.gov.

Sincerely,

(signed)

Frank Ramos, Financial Management
Financial Partners Channel
Office of Student Financial Assistance